

CITY COUNCIL AGENDA REQUEST FORM

Today's date: 10 / 29 / 18

Date of meeting 11 / 07 / 18

(City Council meetings are held the 1<sup>st</sup> and 3<sup>rd</sup> Wednesday of each month.)

Name of Citizen, Organization, Elected Official, or Department Head making request:

Nicole Goes, Human Resources Director

Address: 1123 Lake Street, Sandpoint, ID 83864

Phone number and email address: (208) 946-2060 ngoes@sandpointidaho.gov

Authorized by: Nicole Goes

*name of City official*

*City official's signature*

*(Department Heads, City Council members, and the Mayor are City officials.)*

Subject: Offer of Terrorism Coverage

Summary of what is being requested: Decline ICRMP offer of terrorism coverage

The following information **MUST** be completed before submitting your request to the City Clerk:

1. Would there be any financial impact to the city? ☒ Yes ☐ No

If yes, in what way? Optional terrorism coverage would require an additional premium payment of

\$64,416

2. Name(s) of any individual(s) or group(s) that will be directly affected by this action:

Have they been contacted?

**Yes or No**

All City departments

Yes

3. Is there a need for a general public information or public involvement plan? **Yes or No**

If yes, please specify and suggest a method to accomplish the plan: ☐ Yes ☒ No

4. Is an enforcement plan needed? **Yes or No** Additional funds needed? **Yes or No**

☐ Yes ☒ No

☐ Yes ☒ No

5. Have all the affected departments been informed about this agenda item? **Yes or No**

☒ Yes ☐ No

**This form must be submitted no later than 6 working days prior to the scheduled meeting. All pertinent paperwork to be distributed to City Council must be attached.**

**ITEMS WILL NOT BE AGENDIZED WITHOUT THIS FORM**

**CITY OF SANDPOINT  
AGENDA REPORT**

**DATE:** 10/29/2018

**TO:** MAYOR AND CITY COUNCIL

**FROM:** Nicole Goes

**SUBJECT:** Offer of Terrorism Coverage

**DESCRIPTION/BACKGROUND:**

Following the events of September 11, 2001, the nation's largest insurers took their case to Congress concerning their ability to withstand the financial consequences of additional terrorist acts that might take place on American soil. As a consequence, Congress enacted the Terrorism Risk Insurance Act (TRIA) that is intended to protect insured property owners by assuring that their property insurers are not overwhelmed by terrorism-driven claims. Local government risk sharing pools generally were excluded from TRIA.

Because ICRMP is regulated under Idaho law as a reciprocal insurer, federal law requires ICRMP to offer complete terrorism property coverage to its Members. In accordance with TRIA, as extended on December 26, 2007, ICRMP is required to offer coverage of all of the City of Sandpoint property they insure that the City owns against any "certified act of terrorism". The City must decide whether it desires the coverage (for an additional premium) or whether to reject the offer of coverage and not pay the premium.

**STAFF RECOMMENDATION:**

Staff respectfully recommends that City Council decline the offer of terrorism coverage. The ICRMP Board of Trustees has purchased excess insurance for Members of ICRMP (as a whole) in the amount of fifty million dollars (\$50,000,000) per year. The coverage provided for all Members is available to be shared among any Members affected by acts of terrorism during a policy year. The Board believes this is a more cost-effective way of addressing this potential exposure.

**ACTION:**

Decline

**WILL THERE BE ANY FINANCIAL IMPACT?** Yes, if accepted – \$64,416 in FY 2019.

**HAS THIS ITEM BEEN BUDGETED?** No

**ATTACHMENTS:**

Notice – Offer of Terrorism Coverage

Notice – Disclosure of Additional Premium



*Policy Year*

2018-2019

# **PUBLIC ENTITY**

## **Multi-Lines Insurance Policy**

*Issued for:*

**City of Sandpoint**

*Issued by:*

**I d a h o   C o u n t i e s   R i s k   M a n a g e m e n t   P r o g r a m**

**3100 Vista Avenue, Suite 300, Boise, ID 83705**

**Phone: (208) 336-3100 ~ Fax: (208) 336-2100**

September 12, 2018

TO: City of Sandpoint

RE: Terrorism Coverage for Policy Year Effective October 1, 2018

Dear Valued ICRMP Member:

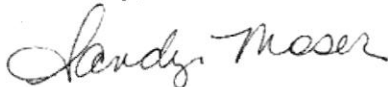
Following the events of September 11, 2001, the nation's largest insurers took their case to Congress concerning their ability to withstand the financial consequences of additional terrorist acts that might take place on American soil. As a consequence, Congress enacted the Terrorism Risk Insurance Act (TRIA) that is intended to protect insured property owners by assuring that their property insurers are not overwhelmed by terrorism-driven claims. Local government risk sharing pools generally were excluded from TRIA.

Because ICRMP is regulated under Idaho law as a reciprocal insurer, federal law requires ICRMP to offer complete terrorism property coverage to its Members. This offering, which is additional to the regular coverage provided by the ICRMP Program, would require payment of an additional Member contribution, based upon the value of the property assets to be covered. An explanation is provided on the accompanying offer sheet.

You should understand that your ICRMP Member agency is under no obligation to accept the terrorism coverage that we are required to offer. In fact, the ICRMP Board of Trustees has purchased excess insurance for Members of ICRMP (as a whole) in the amount of fifty million dollars (\$50,000,000) per year. The coverage provided for all Members is available to be shared among any Members affected by acts of terrorism during a policy year. The Board believes this is a more cost-effective way of addressing this potential exposure. It is included in your regular ICRMP coverage **at no additional cost to you.**

The decision regarding terrorism coverage belongs to your governing board. Please complete the offer sheet evidencing your agency's desire to procure additional terrorism coverage and pay an additional Member contribution, or to reject it and share in the coverage procured for all ICRMP Members. In order to comply with the law, we need your answer promptly. Thank you.

Sincerely,



Sandy Moser  
Underwriting Manager

*For Policy Year Effective October 1, 2018*

## **NOTICE - OFFER OF TERRORISM COVERAGE (Required by Federal law)**

### **NOTICE – DISCLOSURE OF ADDITIONAL PREMIUM**

TO: ICRMP Member:

The Terrorism Risk Insurance Act, as extended on December 26, 2007 by the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA), is a U.S. Treasury Department program under which the federal government would share, with regulated insurance carriers, the risk of loss from terrorist attacks. The Act applies when the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, certifies that an event meets the definition of a "certified act of terrorism". Certified acts of terrorism can also include foreign or domestic acts of terrorism, but they still must be certified as such by the Federal officers listed above.

In accordance with the Terrorism Risk Insurance Act, as extended on December 26, 2007, we are required to offer you coverage of all of the property we insure that your agency owns against any "certified act of terrorism". Your public agency must decide whether you desire the coverage (for an additional premium) or whether you choose to reject the offer of coverage and not pay the premium. The choice belongs to the governing board.

If you choose to accept this offer of terrorism coverage, your premium will include the additional premium for terrorism as stated in this disclosure. If you choose to reject this offer, you must do so by signing the enclosed statement and returning it to your agent, Jamie Miller at (208) 263-2194 or mail directly to ICRMP at P.O. Box 15249, Boise, Idaho, 83715.

If you reject coverage under the Act, the ICRMP policy provided to your public entity will provide an alternative form of coverage of terrorism-related insurance. Rather than cover the entire value of every item of property every public entity member of ICRMP might insure, the alternative form of coverage will provide a fixed amount of coverage (50 million dollars) for the entire membership of ICRMP during any single policy year. If terrorism-caused covered losses do not exceed 50 million dollars during any single policy year, such losses will be paid in full, subject to policy terms and conditions. If total terrorism-caused losses exceed 50 million dollars in the current policy year, such losses will be paid on a *pro-rata* basis among members suffering covered terrorism-caused losses, in proportion to their covered losses expressed as a percentage of all covered losses. Coverage under this alternative process shall not require certification by the Federal officials pursuant to TRIPRA.

**Named Insured: City of Sandpoint**

#### ***DISCLOSURE OF PREMIUM***

If you accept this offer, the premium for terrorism coverage is estimated to be an additional amount of **\$64,416** over and above your proposed renewal Member contribution based on reported total insured values of **\$64,416,442**.

**CONTINUED ON NEXT PAGE**

**IF YOU WISH TO REJECT COVERAGE UNDER THE TERRORISM RISK INSURANCE ACT, AS EXTENDED ON DECEMBER 26, 2007, THE NAMED INSURED MUST APPROVE AND SIGN THE FOLLOWING STATEMENTS:**

**TERRORISM RISK INSURANCE ACT REJECTION OF FULL COVERAGE**

We, as a Member of ICRMP, acknowledge that we have been notified as required under the Terrorism Risk Insurance Act, as extended on December 26, 2007, that as respects to the above referenced policy of insurance policy referenced above:

1. We have been offered coverage for acts of terrorism as defined in the Act;
2. We have been advised that if we accept coverage for acts of terrorism as defined in the Act, the United States Government will participate in the payment of terrorism losses insured under the Act, subject to the provisions of the Act;
3. We have been told that if we reject coverage under the Act by signing this notice, to the extent allowed by law, we will have only our respective share of the alternative coverage for any act of terrorism under the policy issued by ICRMP.
4. We have been notified of the annual premium for coverage for acts of terrorism as defined in the Act.
5. We hereby **reject** coverage for acts of terrorism as defined in the Act and understand my policy will contain an exclusion for acts of terrorism as defined by TRIPRA, but will otherwise provide limited coverage concerning acts of terrorism as addressed by the ICRMP policy issued annually to Members.

\_\_\_\_\_  
Chief Executive/Administrative Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print

\_\_\_\_\_  
public office held

\_\_\_\_\_  
City of Sandpoint

Public Entity Name

**RETURN THIS FORM TO YOUR AGENT OR ICRMP. A COPY OF THIS DOCUMENT IS AS BINDING AS THE ORIGINAL.**

**ATTENTION AGENT: THIS FORM MUST BE SIGNED PERSONALLY BY AN AUTHORIZED OFFICER OF THE INSURED AND RETURNED TO ICRMP.**